USA PRO IP Ltd v Montfort Services Sdn Bhd & Anor

HIGH COURT (KUALA LUMPUR) — ORIGINATING SUMMON NO 24IP-9–03 OF 2014
AZIZAH NAWAWI J
8 JUNE 2015

Trade Marks — Registered trademark — Expungement — Application for — Whether plaintiff aggrieved person — Whether plaintiff commercial intention to expand use of its trademark 'USA PRO' into Malaysian market — Whether 'in bonam partem' principle applied — Whether plaintiff committed acts of trademark infringement or passing off — Infringement — Whether there was physical use of marks by plaintiff — Whether there was evidence to show that products produced by plaintiff were placed into Malaysian market by plaintiff — Passing off — Whether dormant company had goodwill — Whether plaintiff had established that there had been non-use by first defendant of its 'USA PRO' trademark for continuous period of three years

The plaintiff, a company incorporated in England, was in the business of manufacturing, distributing, supplying, selling and offering for supply various goods around the world. The plaintiff had applied for and secured registration of the USA PRO trademark in various countries around the world. In a bid to protect its trademark in Malaysia, the plaintiff had filed for registration of the USA PRO trademark in Classes 18, 25 and 28 of the International Classification of Goods. The first defendant, a Malaysian registered company, held the USA PRO trademark in Classes 18, 25 and 28 in Malaysia. The plaintiff filed the present application to expunge and remove the first defendant's USA PRO trademarks from the Register of Trade Marks pursuant to s 46(1)(b) of the Trade Marks Act 1976 ('the Act') on the grounds that there was non-use of the first defendant's trademark for the past five years because the first defendant company had been dormant for the last five years. It was the plaintiff's case that it was an aggrieved party because it had a genuine and present intention to use its trademark 'USA PRO' in Malaysia, and that as an aggrieved party it had the necessary locus standi to make this application under s 46 of the Act. The first defendant argued that the plaintiff would not fall under the definition of an 'aggrieved person' under the Act because it did not enjoy goodwill and reputation in the USA PRO mark in Malaysia as the alleged evidence of goodwill and reputation were in other countries. The first defendant further submitted that applying the 'in bonam partem' principle the plaintiff had committed the acts of trademark infringement or passing off and would therefore not fall under the scope of an aggrieved person.

Held, allowing the application with costs:

(1) After a careful consideration of the affidavits and the submissions of the parties, it was clear that the plaintiff was an aggrieved party as it had been using its trademark 'USA PRO' in many jurisdictions with the intention of expanding its business in Malaysia under the said mark. Further, the plaintiff had filed an application to register its trademark 'USAPRO' in Malaysia on 29 November 2013. This clearly showed the commercial intention of the plaintiff to expand the use of its trademark 'USA PRO' into the Malaysian market. The first defendant's argument that the plaintiff did not enjoy goodwill and reputation in the USA PRO trademark in Malaysia was not a relevant consideration on the issue of aggrieved party as the plaintiff only needed to show an intention to use or a genuine trading interest to use its mark in Malaysia (see paras 18 & 20).

(2) If the plaintiff had committed the acts of trademark infringement then applying the principle of construction in bonam partem, the appellant could not be regarded as being a bona fide 'person aggrieved' or a person who was lawfully aggrieved for the purposes of s 46(1) of the Act. In order to prove trademark infringement, the first consideration was whether the plaintiff had been shown to use the trademark 'USA PRO' in Malaysia. It is settled law that the use of the mark should be the physical use of the marks by the plaintiff, as the registered proprietor of the plaintiff's international trademarks or use by its registered user. However, from the allegations of use by the first defendant, which was the presence of goods bearing the USA PRO (stylised) trademark in certain outlets operated by Sports Direct MST Sdn Bhd, there was nothing to establish that the goods were the goods of the plaintiff or were produced by the plaintiff. There was also no evidence to suggest that it was the plaintiff that had affixed the USA PRO (stylised) trademark on the said products found in the Sports Direct outlets. Additionally, there was also no evidence to show that the products were placed in the Malaysian market by the plaintiff. Thus, for the purpose of showing 'use' of the USAPRO mark, the first defendant had failed to show that the products were produced by the plaintiff and that these products were placed into the Malaysian market by the plaintiff. The onus and burden here was on the first defendant to establish the same, and it had not discharged the same (see paras 22–23 & 25).

(3) The first defendant had also failed to establish that the plaintiff had committed passing off. In this respect it was for the first defendant to establish its goodwill, which was secured from the sale of its products and created out of trading activities. However, the undisputed evidence showed that the first defendant was dormant and did not engage in any business or trading activities. There was therefore no use of the first defendant's said trademarks. As goodwill was the property protected in a

passing off action, the lack of goodwill would have to mean that there was no property to be protected and hence no cause of action in passing off. In the circumstances, the first defendant had failed to show that the plaintiff had committed or threatened to commit acts of trademarks infringement and/or passing off. Thus, the first defendant failed to show that the principle of *bonam partem* was applicable in this case. Therefore, the plaintiff had the requisite locus standi to commence this action, thus satisfying the first condition of s 46(1)(b) of the Act (see paras 26–27).

(4) Under s 46(1)(b) the plaintiff had to establish that there was a continuous non-use of the trademark three years before 3 February 2014. The relevant period for consideration was thus between 4 February 2011–4 February 2014. In the present case, the plaintiff had tried to prove non-use through investigations carried out by a private investigator it had appointed. Through these investigations it was discovered that the first defendant company had been dormant for at least the last five years and that the first defendant had not been using its trademarks in relation to any of its goods during the relevant statutory period. Further, a market survey conducted by the plaintiff had revealed the first defendant's marks had not been seen or used on any products at 12 business outlets in the Klang Valley. The first defendant had not challenged these findings or made any rebuttal of the facts presented by the plaintiff in its affidavits. It is trite law that where there was an assertion of fact raised in an affidavit, which had not been traversed, the same should be deemed admitted. As such, the plaintiff had established a prima facie case of no-use. The onus then shifted to the first defendant to establish use of its trademarks, which it failed to do (see paras 28–36 & 39).

[Bahasa Malaysia summary

Plaintif, sebuah syarikat yang diperbadankan di England, menjalankan perniagaan membuat, mengedar, membekal, menjual dan menawarkan bekalan pelbagai barangan seluruh dunia. Plaintif telah memohon untuk dan memperoleh pendaftaran tanda niaga USA PRO di beberapa negara seluruh dunia. Dalam usaha untuk melindungi tanda niaganya di Malaysia, plaintif telah memfailkan untuk pendaftaran tanda niaga USA PRO dalam Kelas-kelas 18, 25 dan 28 Klasifikasi Antarabangsa Barangan. Defendan pertama, sebuah syarikat berdaftar Malaysia, memegang tanda niaga USA PRO dalam Kelas-kelas 18, 25 dan 28 di Malaysia. Plaintif telah memfailkan permohonan ini untuk memotong dan mengeluarkan tanda-tanda niaga USA PRO defendan pertama dari Daftar Tanda Niaga menurut s 46(1)(b) Akta Tanda Dagang 1976 ('Akta tersebut') atas alasan bahawa tiada penggunaan tanda niaga defendan pertama untuk lima tahun lepas kerana syarikat defendan pertama tidak aktif untuk lima tahun lepas. Ia adalah kes plaintif bahawa ia adalah pihak yang terkilan kerana ia mempunyai niat tulen dan semasa untuk menggunakan tanda niaga USA PROnya di Malaysia, dan sebagai pihak yang

terkilan ia mempunyai locus standi yang perlu untuk membuat permohonan ini di bawah s 46 Akta tersebut. Defendan pertama berhujah bahawa plaintif tidak terjatuh di bawah definisi 'aggrieved person' di bawah Akta tersebut kerana ia tidak menikmati nama baik dan reputasi dalam tanda niaga USA PRO di Malaysia seperti keterangan berhubung nama baik dan reputasi yang dikatakan itu di negara-negara lain. Defendan pertama selanjutnya berhujah bahawa dengan mengguna pakai prinsip 'in bonam partem' plaintif telah melakukan tindakan pelanggaran tanda niaga atau kelirupaan dan oleh itu tidak terjatuh di bawah skop orang yang terkilan.

Diputuskan, membenarkan permohonan dengan kos:

(1) Setelah pertimbangan teliti afidavit-afidavit dan hujah-hujah pihak-pihak tersebut, ia adalah jelas bahawa plaintif ialah pihak yang terkilan kerana ia telah menggunakan tanda niaga USA PROnya dalam banyak bidang kuasa dengan niat mengembangkan perniagaannya di Malaysia di bawah tanda tersebut Selanjutnya, plaintif telah memfailkan permohonan untuk mendaftarkan tanda niaga USA PROnya di Malaysia pada 29 November 2013. Ini jelas menunjukkan niat komersial plaintif untuk mengembangkan penggunaan tanda niaga USA PROnya ke dalam pasaran Malaysia. Hujah defendan pertama bahawa plaintif tidak menikmati nama baik dan reputasi dalam tanda niaga USA PRO di Malaysia adalah pertimbangan relevan berhubung isu pihak yang terkilan kerana plaintif hanya perlu untuk menunjukkan niat untuk menggunakan atau mempunyai kepentingan tulen perniagaannya untuk menggunakan tandanya di Malaysia (lihat perenggan 18 & 20).

(2) Jika plaintif telah melakukan tindakan pelanggaran tanda niaga dan kemudian mengguna pakai prinsip pembinaan in bonam partem, perayu tidak boleh dianggap sebagai 'person aggrieved' bona fide atau seseorang yang terkilan dengan sah bagi tujuan s 46(1) Akta tersebut. Bagi tujuan membuktikan pelanggaran tanda niaga, pertimbangan pertama adalah sama ada plaintif telah ditunjukkan telah menggunakan tanda niaga USA PRO di Malaysia. Ia adalah undang-undang tetap bahawa penggunaan tanda itu sepatutnya penggunaan fizikal tanda-tanda itu oleh plaintif, sebagai pemilik berdaftar tanda dagang antarabangsa plaintif atau penggunaan oleh pemilik berdaftarnya. Walau bagaimanapun, berdasarkan dakwaan penggunaan oleh defendan pertama, iaitu kewujudan barangan yang menggunakan tanda niaga USA PRO (digayakan) dalam saluran-saluran tertentu yang dikendalikan oleh Sports Direct MST Sdn Bhd, tiada apa untuk membuktikan bahawa barangan itu adalah barangan plaintif atau dihasilkan oleh plaintif. Tiada juga keterangan untuk mencadangkan bahawa ia adalah plaintif yang telah meletakkan tanda niaga USA PRO (digayakan) pada produk-produk tersebut yang didapati di saluran-saluran Sports Direct. Tambahan pula, tiada juga keterangan untuk menunjukkan bahawa

produk-produk itu diletakkan di pasaran Malaysia oleh plaintif. Oleh itu, bagi tujuan menunjukkan 'use' tanda USA PRO itu, defendan pertama telah gagal untuk menunjukkan bahawa produk-produk tersebut teah dihasilkan oleh plaintif dan bahawa produk-produk tersebut diletakkan di pasaran Malaysia oleh plaintif. Tanggungjawab dan beban di sini terletak pada defendan pertama untuk membuktikan yang sama, dan ia tidak melaksanakan yang sama (lihat perenggan 22–23 & 25).

(3) Defendan pertama juga gagal untuk membuktikan bahawa plaintif telah melakukan kelirupaan. Berhubung itu ia adalah untuk defendan pertama membuktikan nama baiknya, yang diperoleh daripada jualan produknya dan dicipta daripada aktiviti-aktiviti urus niaga. Walau bagaimanapun, keterangan yang tidak dipertikaikan menunjukkan bahawa defendan pertama adalah tidak aktif dan tidak terlibat dalam apa-apa aktiviti-aktiviti perniagaan atau urus niaga. Oleh itu tiada penggunaan tanda-tanda niaga defendan pertama tersebut. Oleh kerana nama baik hartanah itu dilindungi dalam tindakan kelirupaan, ketiadaan nama baik bermaksud tiada harta dilindungi dan justeru tiada kausa tindakan untuk kelirupaan. Dalam keadaan itu, defenda pertama telah gagal menunjukkan bahawa plaintif telah melakukan atau mengugut untuk melakukan tindakan pelanggaran tanda niaga dan/atau kelirupaan. Oleh itu, defendan pertama telah gagal untuk menunjukkan bahawa prinsip *bonam partem* boleh terpakai dalam kes ini. Oleh demikian, plaintif mempunyai locus standi yang diperlukan untuk memulakan tindakan ini, dengan itu memenuhi syarat pertama s 46(1)(b) Akta tersebut (lihat perenggan 26–27).

(4) Di bawah s 46(1)(b) plaintif perlu membuktikan bahawa tanda niaga itu tidak digunakan secara berterusan selama tiga tahuan sebelum 3 Februari 2014. Tempoh relevan untuk pertimbangan dengan itu adalah antara 4 Februari 2011–4 Februari 2014. Dalam kes ini, plaintif telah cuba untuk membuktikan ketidakgunaan melalui siasatan-siasatan yang dijalankan oleh penyiasat persendirian yang dilantik olehnya. Melalui siasatan-siasatan tersebut ia mendapati bahawa defendan syarikat pertama telah tidak aktif sejak lima tahuan lepas dan bahawa defendan pertama tidak menggunakan tanda niaganya berkenaan mana-mana barangannya sepanjang tempoh statutori berkaitan itu. Selanjutnya, kajian pasaran yang dijalankan oleh plaintif menunjukkan tanda-tanda defendan pertama tidak digunakan atau digunakan ke atas mana-mana produk di 12 saluran perniagaan di Lembah Klang. Defendan pertama tidak mencabar penemuan tersebt atau membuat apa-apa pematahan fakta yang dikemukakan oleh plaintif dalam affidavit-afidavitnya. Adalah undang-undang lapuk bahawa di mana terdapat penegasan fakta yang ditimbulkan dalam afidavit, yang tidak diteliti, yang sama hendaklah dianggap diterima. Oleh itu, plaintif telah membuktikan kes prima facie ketidakgunaan. Beban dengan itu berpindah kepada defendan pertama

untuk membuktikan penggunaan tanda-tanda niaganya, yang gagal dilakukannya (lihat peranggan 28–36 & 39).]

Notes

For cases on expungement, see 12(2) *Mallal's Digest* (5th Ed, 2015) paras 2837–2871.

Cases referred to

AG Spalding Brothers v AW Gamage, Ltd [1914-15] All ER Rep 147; (1915) 32 RPC 273, HL (refd)

Agricultural and Processed Food Products Export Development Authority of India (APEDA) & Ors, The v Syarikat Faiza Sdn Bhd [2011] 2 MLJ 768; [2011] 9 CLJ 394, HC (refd)

Godrej Sara Lee Ltd v Siah Teong Teck & Anor (Part 2) [2007] 7 MLJ 153; [2008] 7 CLJ 24, HC (refd)

Ho Tack Sien & Ors v Rotta Research Laboratorium SpA & Anor [2012] MLJU 1192; [2012] 8 CLJ 645, CA (refd)

IRC v Muller & Co's Margarine Ltd [1901] AC 217, HL (refd)

LB (Lian Bee) Confectionary Sdn Bhd v QAF Ltd [2012] 4 MLJ 20; [2012] 3 CLJ 661, FC (refd)

Lam Soon Edible Sdn Bhd v Hup Seng Perusahaan Makanan (M) Sdn Bhd [2011] 7 MLJ 366; [2010] 5 CLJ 975, HC (refd)

Leo Pharmaceutical Product Ltd A/S (Lovens Kemiske Fabrik Production Saktieselskab) v Kotra Pharma (M) Sdn Bhd [2002] MLJU 154; [2002] 6 CLJ 465, HC (refd)

Oishi Group Public Co Ltd v Liwayway Marketing Corp [2015] 9 MLJ 538; [2015] 2 CLJ 1121, HC (refd)

Reckitt & Colman Products Ltd v Borden Inc and others [1990] 1 All ER 873, HL (refd)

Legislation referred to

Trade Marks Act 1976 ss 2, 3(2), 38(1), 45, 46, 46(1), (1)(b)

S Indran (W T Woo with him) (Shearn Delamore & Co) for the plaintiff.
Azrul Hamid (Y C Koo with him) (Wong Jin Nee & Teo) for the defendant.

Azizah Nawawi J:

APPLICATION

[1] In the originating summons before the court, the plaintiff prays for the following reliefs:

(i) an order that the trademark registration Nos 08018036 in Class 18, 08018035 in Class 25 and 08018034 in Class 28 for USAPRO ('the first

defendant's trademarks') in the name of the first defendant be expunged and removed from the register of trademarks, maintained under the Trade Marks Act 1976 ('TMA 1976'); and

(ii) in the event prayer (i) is granted, an order directing the Registrar of Trademarks, Malaysia to rectify the Malaysian Register of Trademarks by removing them from the whole entries relating to the first defendant's said trademarks and cause such fact of rectification and removal to be published in the government *gazette* forthwith after the order is served on him;

[2] The grounds of the application are as follows:

(a) that up to one month before the date of the application as set out in the originating summons, a continuous period of not less than three years had elapsed during which all the first defendant's trademarks were registered trademarks and during which there was no use in good faith of the first defendant's said trademarks in relation to the first defendant's goods as specified under the registrations of the first defendant's said trademarks in Classes 18, 25 and 28 of the International Classification of Goods by the first defendant or their registered user (if any); and

(b) that the plaintiff is an aggrieved person within the meaning prescribed to it under the TMA 1976 and has the necessary locus standi to make this application under s 46 of the TMA 1976.

THE SALIENT FACTS

[3] The plaintiff is a company incorporated in England. The plaintiff is in the business of manufacturing, distributing, supplying, selling and offering for supply various goods around the world. The goods of interest to the plaintiff broadly include bags, pouches, cases, articles of clothing, sports and leisurewear, footwear, headgear, games and plaything and sporting and fitness equipment.

[4] Among the trademarks of the plaintiff is the trademark USA PRO ('the plaintiff's marks') The plaintiff commenced use of the said trademark in 1995 in the United Kingdom in the form of sales and promotional efforts in relation to its goods bearing the said trademark. Since this date, the use of the said trademark has been consistent and extended to various other countries around the world, including Belgium, France and Portugal. The plaintiff has also applied for and secured registration of the said mark in various countries around the world.

[5] In a bid to protect the its trademark in Malaysia, the plaintiff has filed for registration of the said trademark in Classes 18, 25 and 28 of the International

Classification of Goods. These applications which are currently pending registrations are as follows:

(a) 2013062999 in Class 18;

(b) 2013062998 in Class 25; and

(c) 2013062997 in Class 28.

[6] The first defendant is a company registered in Malaysia with its registered address at SSY Building @ Sentral, Level 2, 2A Jalan USJ Sentral 3, Persiaran Subang, Subang Jaya.

[7] The defendant's trademarks which are the subject matter of this application were all filed on 5 September 2008. The particulars of the said trademarks are as follows:

	Trademark	Registration Number	Specification of Goods and Class
1.	USAPRO	08018036 (19 January 2010)	Leather and imitation leather; bags; trunks and travelling bags; valises; satchels, cases for travel kits, vanity cases, pouches, shoulder bags, kitbags, rucksacks, shopping bags, beach bags, handbags, briefcases, wallets, key cases, credit card cases, change purses; umbrellas, parasols; walking stickes all in Class 18.
2.	USAPRO	08018035 (28 December 2009)	Articles of clothing, spots and leisure wear; footwear; headgear all in Class 25.
3.	USAPRO	08018034 (1 May 2010)	Games and playthings; gymnastic, fitness and sporting articles and equipment all in Class 28.

[8] It is to be noted that from exhs 'CM1', annexed to the affidavit affirmed by Christopher McQuoid on 7 May 2014 for the first defendant, the trademarks search with regards to the first defendant trademarks shows that the address of the applicant for the trademark applications is as follows:

Applicant Name: MONTFORT SERVICES SDN BHD

Applicant's Address: [1] MONTFORT SERVICES SDN BHD UNIT 1001, 10TH FLOOR, STAR HOUSE, 3 SALISBURY ROAD, KOWLOON, HONG KONG.

[9] It is the plaintiff's case that the first defendant company had been

dormant for the last five years and there is non-use of the defendant's trademark for the past five years. Hence the plaintiff filed this application to expunge the said marks from the register of trademark.

THE FINDINGS OF THE COURT

[10] The plaintiff's application is premised on s 46(1)(b) of the TMA 1976, which reads as follows:

> (1) Subject to this section and section 57, the Court may, on application by a person aggrieved, order a trade mark to be removed from the Register in respect of any goods (or services) in respect of which it is registered on the ground –
>
> (a) ...
>
> (b) that up to one month before the date of the application a continuous period of not less than three years has elapsed during which the trade mark was a registered trade mark and during which there was no use in good faith of the trade mark in relation to those goods (or services) by the registered proprietor or the registered user of the trade mark for the time being.

[11] For the purpose of s 46(1) of the TMA 1976, it is common ground that the plaintiff would have to prove and establish two conditions, namely:

(a) that the plaintiff is an aggrieved person; and

(b) that there has been non-use by the first defendant for a continuous period of three years up to one month before the application to cancel the trademark.

[12] For the purpose of the present case, the plaintiff must establish that it is an aggrieved person and that there has been non-use by the first defendant of its trademark 'USAPRO' for a continuous period of three years up to one month before this application (dated 4 March 2014) to cancel the trademark, that is, for the period 4 February 2011–4 February 2014.

Issue (i): Whether the plaintiff is an aggrieved person

[13] The term 'aggrieved person' in the context of ss 45 and 46 of the TMA 1976 was discussed by the Federal Court in *LB (Lian Bee) Confectionary Sdn Bhd v QAF Ltd* [2012] 4 MLJ 20; [2012] 3 CLJ 661 where the Federal Court held that:

> [14] ... A 'person aggrieved' need not be a person with any specific right. A '*person aggrieved*' in this context may include *someone with simply a bona fide intention to use a trademark that is registered* but which had not been used by the registered proprietor or any registered user for a continuous period of not less than three years

A up to one month before the date of an application under s 46(1) of the TMA to expunge ...

...

Thus a '*person aggrieved*' may have no rights at all but *merely a genuine intention to use a trademark that is registered* but which has not been used by the registered proprietor. (Emphasis added.)

[14] The Federal Court in *LB*'s case then quoted its earlier decision in *McLaren International Ltd* at p 671:

C [22] We understand that passage as laying down the principle that a *person aggrieved is a person* who has used his mark as a trademark – *or who has genuine and present intention to use his mark as a trademark* – in the course of a trade which is the same as or similar to the trade of the owner of the registered trademark that the person wants to have removed from the register. (Emphasis added.)

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[15] In *The Agricultural and Processed Food Products Export Development Authority of India (APEDA) & Ors v Syarikat Faiza Sdn Bhd* [2011] 2 MLJ 768; [2011] 9 CLJ 394, Azahar Mohamed J (as His Lordship then was) in citing the Federal Court decision of *McLaren International Ltd* held at pp 401–402:

E [11] ... The *registration of the PONNI trademark is blocking the use of the name and mark Ponni by others who have trading interests in Ponni rice. The applicants' interests are and could further be negatively affected by the exclusive claim by the respondent over the PONNI trademark... a trademark in Malaysia could and would affect their ability to distribute and/or otherwise trade in PONNI rice in Malaysia and elsewhere*. Hence, in my judgment, singly and collectively the applicants are persons aggrieved within the meaning of s 45 of the Act. (Emphasis added.)

[16] In the present case, it is not in dispute that the plaintiff's trademark 'USA PRO', which is used in other countries, is similar to the first defendant's trademarks 'USAPRO'.

[17] It is the plaintiff's case that it is an aggrieved party as the plaintiff has a genuine and present intention to use its trademark 'USA PRO' in Malaysia.

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[18] Having considered the affidavits and the submissions of the parties, I am of the considered opinion that the plaintiff is an aggrieved party as the plaintiff has been using its trademark 'USA PRO' in many jurisdictions with the intention of expanding its business in Malaysia under the said mark. From the affidavit affirmed by David Michael Forsey on 28 February 2014, the plaintiff has sold goods bearing its trademark 'USA PRO' in many countries around the world, even well before the application dates for the registration of the first defendant's trademarks. Added to that, the plaintiff has filed an application to register its trademark 'USAPRO' in Malaysia on 29 November

2013. All these clearly show the commercial intention of the plaintiff to expand the use of its trademark 'USA PRO' into the Malaysian market.

[19] However, it is the submission of the first defendant that the plaintiff would not fall under the definition of an 'aggrieved person' because of the following reasons:

(i) that the plaintiff does not enjoy goodwill and reputation in the USAPRO mark in Malaysia as the alleged evidence of goodwill and reputation are in other countries; and

(ii) that the plaintiff's acts of applying for the USAPRO mark constitutes an act of trademark infringement and/or passing off.

[20] With regards to issue (i) above, I agree with the submission of the plaintiff that the issue on non-use of its USA PRO trademark in Malaysia is not a relevant consideration on the issue of aggrieved party as the plaintiff only need to show an intention to use or a genuine trading interest to use its mark in Malaysia.

[21] With regards to issue (ii), the first defendant relied on the principle of in bonam partem as laid out in the case of *LB (Lian Bee) Confectionary Sdn Bhd* where the court held at pp 672–674:

> We are in agreement with the learned judge's findings that as an infringer and as to what may be regarded as a 'policy' ground, the appellant cannot be regarded as a 'person aggrieved' for the purposes of s 46(1) of the TMA. There is a juristic support for this 'policy' approach by the leaned judge which was upheld by the Court of Appeal. As a matter of statutory interpretation, the courts have long applied the principle of construction in bonam partem. On this point a useful reference can be made to *Bennion on Statutory Interpretation*, 5th Ed, Lexis Nexis, 2005 at p 792 wherein a passage is reproduced as follows:
>
> > Construction in bonam partem. In pursuance of the principle that law should serve the public interest, the courts have evolved the important technique known as construction in bonam partem (in good faith). If a statutory benefit is given on a specified condition being satisfied, *it is presumed that Parliament intended the benefit to operate only where the required act is performed in a lawful manner. Construction in bonam partem is related to three specific legal principles. The first is that a person should not benefit from his own wrong.* Next is the principle allegans suam turpitudinem non est audiendus. *If a person had to prove an unlawful act in order to claim the statutory benefit, this maxim would preclude him from succeeding.* The third related principle is stated by Coke in the words ubiquid generaliter conceditur inest haec exceptio si non aliquid sit contra jus fasque (*where a grant is in general terms there is always an implied provision that it shall not include anything which is unlawful or immoral*). (Emphasis added.)
>
> In accordance with the principle of construction in bonam partem, it is noted that the learned trial judge had found that the appellant had been infringing the

> Registered Trade Mark 'Squiggles' since 2007. The Registered Trade Mark 'Squiggles' was registered on 20 August 2004. Until its expungement, the registered trade mark remains a registered trade mark. In this case, even before the application for expungement, the appellant had unlawfully been using the Infringing Mark 'Squiggle' which is confusingly similar to the Registered Trade Mark. Applying the principle of construction in bonam partem, the appellant cannot be regarded as being a bona fide 'person aggrieved' or a person who is lawfully aggrieved for the purposes of s 46(1) of the TMA. Furthermore, if the appellant is to be regarded as a 'person aggrieved' for the purposes of s 46(1) of the TMA, it would mean that all infringers may apply to expunge the very trade mark they have been infringing and this would be contrary to the time honoured principle of not allowing them to benefit from their very own wrong or unlawful act.

[22] Applying the 'in bonam partem' principle above, it is the submission of the first defendant that the plaintiff had committed the acts of trademark infringement and would then not fall under the scope of an aggrieved person. This is submitted to be premised on the 'recent evidence' as shown in the affidavit of Christopher McQuoid affirmed on 2 October 2104 and the affidavit affirmed by See Toh Siew Peng on 3 October 2014. From these affidavits and the report of the investigation conducted by ZB Security Services, the first defendant states that products bearing the USAPRO marks had and are being sold at outlets called 'Sportsdirect.Com'. From the receipt of sales of the said products, the outlet 'Sportsdirect.Com' is owned by a company registered as Sports Direct MST Sdn Bhd. From the CCM company search, the majority shareholder of Sports Direct MST Sdn Bhd is SportsDirect.com Retail Limited. In para 7 of Christopher McQuoid's affidavit affirmed on 2 October 2104, he said this:

> 7 ... I verily believe that the plaintiff herein is a company that is subsidiary of Sports Direct International PLC together with SportsDirect.com Retail Limited. As a result thereof, the plaintiff had conspired and/or caused acts of trademark infringement and/or passing off as committed by Sports Direct MST Sdn Bhd.

[23] The first defendant's claim for trademark infringement is premised on s 38(1) of the TMA 1976, which reads as follows:

> (1) A registered trademark is infringed by a person who, not being the registered proprietor of the trademark or registered user of the trademark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods or services in respect of which the trade mark is registered in such a manner as to render the use of the mark likely to be taken either:
>
> (a) as being use as a trademark;
>
> (b) in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular, or other advertisement, issued to the public, as importing a reference to a person having the right either as

registered proprietor or as registered user to use the trademark or to goods with which the person is connected in the course of trade; or

(c) In a case in which the use is use at or near the place where the services are available or performed or in an advertising circular or other advertisement issued to the public, as importing a reference to a person having a right either as registered proprietor or as registered user to use the trademark or to services with the provision of which the person is connected in the course of trade.

[24] Justice Low Hop Bing in *Leo Pharmaceutical Product Ltd A/S (Lovens Kemiske Fabrik Production Saktieselskab) v Kotra Pharma (M) Sdn Bhd* [2002] MLJU 154; [2002] 6 CLJ 465 opined that in order to prove infringement, it is incumbent upon the plaintiff to prove that:

(a) The defendant is neither the registered proprietor nor the registered user of the trademark;

(b) The defendant used a mark identical with or so nearly resembling the plaintiff's registered trademark as is likely to deceive or cause confusion;

(c) The defendant was using the offending mark in the course of trade;

(d) The defendant was using the offending mark in relation to goods or service within the scope of the registration; and

(e) The defendant used the offending mark in such a manner as to render use likely to be taken either as being used as a trademark or as importing a reference to the registered proprietor or the registered user or to their goods or services.

[25] It is common ground that for trademark infringement to be established, all the above ingredients must be present and shown. Having considered the affidavits and the submission of the parties, I am of the considered opinion that the first defendant has failed to show trademark infringement against the plaintiff based on the following reasons:

(a) the first consideration is whether the plaintiff has been shown to use the trademark 'USA PRO. In respect of this, it is the contention of the first defendant that the plaintiff had used the USA PRO (stylised) trademark in Malaysia;

(b) with regards to the issue of 'use' in the context of the TMA 1976, s 2 states as follows:

In this Act:

(a) References to the use of a mark shall be construed as references to use of a printed or other visual representation of the mark;

(b) References to the use of a mark in relation to goods shall be construed

as references to the use thereof upon, or in physical or other relation to goods;

(c) several cases have made reference to the term 'use of the mark' in the context of the TMA 1976. In *Godrej Sara Lee Ltd v Siah Teong Teck & Anor (Part 2)* [2007] 7 MLJ 153; [2008] 7 CLJ 24, Justice Ramly Ali (as His Lordship then was) held that:

> For actual use to arise, there must be use of the mark on or in relation to goods. This would include affixing the marks to the goods or in an advertisement, circular or a catalogue.;

(d) in *Oishi Group Public Co Ltd v Liwayway Marketing Corp* [2015] 9 MLJ 538; [2015] 2 CLJ 1121, the case involved an application to expunge the registration of a trademark premised on non-use. In para (23) on the judgment, it was held by the court that:

> [23] Therefore from s 3(2) read with s 46(1)(b), the reference to use of the mark *must be physical use of the mark on or in relation to the goods by the registered proprietor or registered user. By simply showing the mark noted on cash invoice of a third party, and not of the registered proprietor or registered user is not 'use' of the registered mark within the meaning of* s 46(1)(b) *read with s 3.* (Emphasis added.);

(e) therefore, from the above cases, the use of the mark must be the physical use of the marks by the plaintiff, as the registered proprietor of the plaintiff's international trademarks or by its registered user;

(f) however, from the allegations of use by the first defendant, which was the presence of goods bearing the USA PRO (stylised) trademark in certain outlets operated by Sports Direct MST Sdn Bhd, there is nothing to establish that the goods were the goods of the plaintiff or were produced by the plaintiff. There was also no evidence to suggest that it was the plaintiff who had affixed the USA PRO (stylised) trademark on the said products found in the Sports Direct outlets. Additionally, there was also no evidence to show that the products were placed in the Malaysian market by the plaintiff;

(g) therefore, for the purpose of showing 'use' of the USAPRO mark, I find that the first defendant has failed to show that the products were produced by the plaintiff and that these products were placed into the Malaysian market by the plaintiff. The onus and burden here is on the first defendant to establish the same, and they have not discharged the same; and

(h) all the first defendant did was to try to allege a connection between the plaintiff and Sport Direct. While the plaintiff is related to Sports Direct International PLC, this does not necessarily mean that the actions of Sports Direct is that of the plaintiff or vice versa. They are in fact separate

legal personalities and even if there is a case for trademark infringement, it should be directed to Sports Direct and not the plaintiff.

[26] The first defendant further submits that the plaintiff had committed or threatened to commit acts of passing off. The use of an identical mark (as found in the Sports Direct Shops) amount to acts of infringement which will only lead to public confusion and is against public policy. As such, the plaintiff should not be allowed to benefit from their unlawful acts. On the allegation of passing off, I am of the considered opinion that the first defendant has also failed to establish the same and my reasons are as follows:

(a) our Court of Appeal in the case of *Ho Tack Sien & Ors v Rotta Research Laboratorium SpA & Anor* [2012] MLJU 1192; [2012] 8 CLJ 645 have applied the House of Lord decision in *Reckitt & Colman Products Ltd v Borden Inc and others* [1990] 1 All ER 873, where it was held that in order to establish an action for passing off, the plaintiff must prove the following;

(i) that he has sufficient reputation or goodwill in the mark, trademark, get-up or other indicia in question under which his particular goods or services or offered to the public;

(ii) he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to belief that goods or services offered by him are the goods services of the plaintiff; and

(iii) he must demonstrate that he suffers or had suffered or is likely to suffer damage or injury to his business or goodwill by reason of the erroneous belief and engendered by the defendant's misrepresentation that the source of the defendant's good or services is the same of the source offered by the plaintiff.

(b) the first element is for the first defendant to establish its goodwill. Goodwill is the property in the business and is likely to be injured by the misrepresentation (*AG Spalding Brothers v AW Gamage, Ltd* [1914-15] All ER Rep 147; (1915) 32 RPC 273);

(c) in *IRC v Muller & Co's Margarine Ltd* [1901] AC 217, it was held by Lord Macnaghten at p 223 that *Goodwill* may be defined as the 'benefit and advantage of the good name, reputation and connection with a business, whether it is a business that provides services or manufactures and/or distributes certain products. In other words, goodwill is the attractive force that brings in custom;

(d) therefore, the onus is on the first defendant to show its goodwill, which is secured from the sale of its products and created out of trading activities. This would necessitate the business of the first defendant to be a going

concern, to which the trademark is being used; and

(e) however, in this case, the undisputed evidence showed that the first defendant was dormant and did not engage in any business or trading activities. There is therefore no use of the first defendant's said trademarks. It thus has to follow that since they did not engage in trade, no goodwill and reputation could have been generated. As goodwill is the property protected in a passing off action, the lack of goodwill would have to mean that there is no property to be protected and hence no cause of action in passing off.

[27] Premised on my reasons above I find that the first defendant has failed to show that the plaintiff had committed or threatened to commit acts of trademarks infringement and/or passing off. Thus, the first defendant failed to show that the principle of *bonam partem* is applicable in this case. Therefore, I am of the considered opinion that the plaintiff has the requisite locus standi to commence this action, thus satisfying the first condition of s 46(1)(b) of the TMA 1976.

Issue (ii): Whether the defendant's marks should be expunged for non-use

[28] The next issue is on the non-use of the mark for a continuous period of not less than three years up to one month before the filing of this application. In the present case the originating summons was filed on 4 March 2014. Under s 46(1)(b), there must be a continuous non-use of three years before 3 February 2014. The relevant period for consideration is between 4 February 2011 to 4 February 2014.

[29] It is also common ground that since it is the plaintiff who is applying to rectify the register of trademarks, the onus of proof is on the plaintiff to establish prima facie evidence on non-use. In *Godrej Sara Lee* Justice Ramly Ali held as follows:

> [19] Case law has suggested that all the applicant for rectifications has to prove at the outset is prima facie case of non-use. Once this is done, the burden falls upon the registered proprietor being the first respondent (in the present case) to show evidence of use during the material period of time. (*Re Trina Trade Mark* [1977] RPC 131).
>
> [20] In the present case, a prima facie case has been made out. Independent investigations have been carried out by the applicant ...
>
> [21] It is thus clear that a prima facie case has been established. It is thus up to the first respondent to refute this position. The question is whether the 1st respondent has in fact done this. For an answer to this, the affidavits in reply filed by the first respondent have to be considered.

[30] From the affidavit affirmed by David Micheal Forsey on 28 February 2014, the plaintiff has initiated inquiries to obtain further and better particulars of the use of the first defendant's trademarks in relation to its goods in Malaysia. The plaintiff has appointed a private investigator, Teeban a/l Nadesan, who had investigated and found out that the first defendant company has been dormant for at least the last five years and that the first defendant has not been using its trademarks in relation to any of its goods during the relevant statutory period.

[31] From the affidavit affirmed by Teeban a/l Nadesan on 3 March 2014, the plaintiff's private investigator, he had conducted an investigation into the use of the trademark USAPRO by the first defendant in Malaysia. The investigation entails conducting a company search with the Companies Commission of Malaysia ('CCM'). From the company search, Teeban went to the company address and found out that the only available address was the first defendant's company secretary's office. The investigation also reveals that there is no operation or business base of the first defendant's company except for its company secretary's office. The finding made by the private investigator is that the first defendant has no operation base in Malaysia, it existed only on paper and is currently dormant in nature.

[32] The other part of the investigation is to do a search in the market place on the business operations and activities of the first defendant company. This is to ascertain whether the first defendant's trademarks, USAPRO, had been used in the market by the first defendant and any of its licensees. The market survey was carried out at 12 business outlets in Klang Valley with the findings that the first defendant's marks had not been seen or used on any products at these outlets.

[33] In their affidavit in reply, the first defendant did not challenge this position in any significant way nor was any rebuttal made on the facts presented by the plaintiff in the affidavits filed on behalf of the plaintiff. It is trite law that where there is an assertion of fact raised in an affidavit, which has not been traversed, the same shall be deemed admitted.

[34] Premised on the affidavits affirmed by both Forsey and Teeban, and the investigation which disclosed that the first defendant was dormant for the last five years and that there was no commercial activity, I am of the considered opinion that the plaintiff has established a prima facie case of non-use.

[35] The onus is then shifted to the defendant to establish the use of the defendant's trademarks. Justice Ramly in *Godrej Sara Lee* held at p 171:

It is thus up to the first respondent to refute this position. The question is whether the first respondent has in fact done this. For an answer to this, the affidavits in reply filed by the first respondent have to be considered.

The question to be answered is whether the first respondent has shown use of the mark in the course of trade in relation to the goods covered by the registration during the relevant period of time required under s 46 of the Trade Marks Act 1976. If the affidavits of the first respondent are to be examined, there is no such evidence.

[36] In their affidavit in reply affirmed by Christopher McQuoid, the first defendant did not produce any evidence of use. This is what they should have done to deflect or disprove this prima facie position. Their failure to do so must therefore mean that there was no use during the material period. As a matter of fact, the defendant never mentioned that they had used their marks in response to direct statements and evidence in the affidavits of *Forsey* and *Teeban*, which can only lead to the inevitable conclusion of non-use during the material period.

[37] It is also the submission of the first defendant that premised on the decision in *Lam Soon Edible Sdn Bhd v Hup Seng Perusahaan Makanan (M) Sdn Bhd* [2011] 7 MLJ 366; [2010] 5 CLJ 975, the investigations relied upon by the plaintiff did not meet the standard required of survey evidence.

[38] However, I agree with the plaintiff that unlike *Lam Soon* case, where the principal and only evidence of non-use was the market survey, the market investigations in this case were merely to supplement the other evidence of non-use. In this case, the principal evidence of non-use took the form of direct investigations into the activities of the defendant (just as in the case of *Godrej Sara Lee*). It was discovered during the course of the investigations from the SSM company search that the first defendant was dormant. In fact I took note of this fact from the SSM search (printed on 17 December 2013) attached to the affidavit affirmed by Juzaizi bin Jalalludin on 10 March 2014 (exh 'JJ2') that the nature of the first defendant's business is stated as 'Dormant' and it has a paid up capital of RM2. Added to that, even though the first defendant is registered in Malaysia, but for the purpose of its application to register the trademark, the address given is that of a Hong Kong address.

[39] I also agree with the plaintiff that the defendant offered no evidence of use of the trademarks, and as such they should be taken as having deemed admitted to this state of affairs. Further, the defendant in *Lam Soon* case actually presented evidence of use when confronted with the survey. In this case, there was no evidence of use presented by the first defendant.

[40] Premised on the reasons enumerated above, I find that the plaintiff is an aggrieved party and that there has been non-use of the first defendant's

trademarks by the first defendant and/or its registered user during the statutory period. In the premise, the plaintiff's application is allowed with costs.

Application allowed with costs.

Reported by Kohila Nesan